



# MONTANA LEGISLATIVE BRANCH

## Legislative Fiscal Division

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## THE MONTANA HEALTH AND ECONOMIC LIVELIHOOD PARTNERSHIP ACT (HELP ACT)

### WHAT IS THE HELP ACT?

The Affordable Care Act (ACA) of 2010 expanded the Medicaid program in all states. Subsequent action by the Supreme Court upheld the ACA, and determined that states could not be forced to expand Medicaid, but instead have the opportunity to choose whether or not to participate. The HELP Act, passed in 2015 by the 64<sup>th</sup> Montana Legislature authorized the expansion of Medicaid in Montana.

Medicaid is a partnership between state and federal governments. In the Medicaid program already in place prior to the expansion, Montana receives approximately 65% federal reimbursement for medical benefits. Medical services for new participants under the HELP Act are currently paid with 100% federal funds. That matching rate will be adjusted through 2020 however, at which point the matching rate will be 90% federal and 10% state.

Federal Match Rate		
Calendar Year	Federal Share	State Share
2016	100.0%	0.0%
2017	95.0%	5.0%
2018	94.0%	6.0%
2019	93.0%	7.0%
2020+	90.0%	10.0%

### HOW IS MONTANA'S MEDICAID EXPANSION DIFFERENT FROM OTHER STATES?

The HELP Act approved Medicaid expansion with several differences from ACA-prescribed expansion as part of what has been termed a "uniquely Montana solution." Parts of these differences required official "waivers" from the Center for Medicare & Medicaid Services (CMS). These unique aspects include:

- Premium payments and Co-pays
- Third Party Administrator (TPA)
- Workforce Development Program

### Premiums and Co-pays

The HELP Act stipulated that participants must pay a premium equaling 2% of their income, and co-pays for medical services to the maximum allowed by federal law. Federal restrictions to total cost-sharing in Medicaid limit an individual's total exposure to 5% of their income, effectively capping the total co-pays and premiums paid. Additionally, when CMS approved the waiver for cost sharing, those individuals earning less than 50% of the federal poverty level were specifically excluded from this requirement. As a result, only those participants earning between 100-138% of the federal poverty level are paying premiums. The average premium in FY 2016 was \$26 per month.

### Third Party Administrator

Blue Cross Blue Shield (BCBS) of Montana was chosen to serve as the TPA for the Medicaid expansion. However, the same restriction exists as for premiums, and only those participants earning greater than 50% of the federal level are administered by the TPA, with those below being administered through DPHHS and the traditional Medicaid management system. The use of a TPA in FY 2016 cost \$26.39 Per Member Per Month (PMPM) to manage this population.

## Workforce Development

Another unique aspect of the HELP Act that did not require a waiver from CMS rules was the inclusion of a workforce development training program to assist in helping participants develop the skills needed to move up the pay scale and out of the Medicaid program. Participants in the Medicaid expansion have access to an entire suite of workforce development resources provided by the Montana Department of Labor & Industry (DLI). In FY 2016, DLI spent \$604,164 of state special funds on this program.

## WHO IS ELIGIBLE FOR THE MEDICAID EXPANSION?

The expansion of Medicaid specifically targets individuals between the ages of 19-64 and earning less than 138% of the federal poverty level (FPL). In 2016, this was the equivalent of \$16,394 for an individual, or \$33,534 for a family of four. Prior to the expansion, the only eligible adults in this age range were pregnant women under 157% of the FPL, blind or disabled individuals meeting income and asset tests, and parents making less than 54% of the FPL.

## Enrollment

As of the end of FY 2016 (June 30, 2016), there were 47,399 newly enrolled individuals participating in Medicaid coverage as a result of the HELP Act. Additionally, there were 8,458 individuals transferred to coverage under the HELP Act from traditional Medicaid.

The Center for Medicare & Medicaid Services (CMS) reported a total of 239,983 individuals covered under Medicaid and CHIP (Children's Health Insurance Program) through June 2016. This would indicate that 23.3% of the total Medicaid enrollment in Montana was covered at that time through the HELP Act Medicaid expansion.

## WHAT IS THE COST OF THE MEDICAID EXPANSION?

In addition to medical benefits, the state experiences costs associated with the management of Medicaid. Typically, these costs are matched by the federal government at a lower rate than for direct medical benefits to enrollees. This matching rate can vary from 90% federal for approved technology development to a simple 50-50 match for many administrative activities. Offsetting these costs in FY 2016 were savings associated with the transition of 8,458 members from traditional Medicaid requiring a 34.76% state match into the expansion currently paid at 100% federal. These savings totaled approximately \$9.4 million general fund.

Fiscal Year 2016 Montana HELP Act Expenditures Including Accruals			
	General Fund	Federal Funds	Total
Benefits & Claims			
Health Resources Division	\$1,300,127	\$129,368,682	\$130,668,809
Senior & Long-Term Care	0	2,374,546	2,374,546
Addictive & Mental Disorders	0	13,793,154	13,793,154
	1,300,127	145,536,382	146,836,508
Administration			
Personal Services	226,800	385,936	612,736
Operating Expenses	2,381,522	6,619,069	9,000,591
	2,608,322	7,005,005	9,613,327
Third Party Administrator	1,059,831	1,059,933	2,119,764
<b>TOTAL</b>	<b>\$4,968,280</b>	<b>\$153,601,319</b>	<b>\$158,569,600</b>